

# JOBS NOW



*“Nothing is more important to the future of  
Missouri families, businesses and  
communities than jobs.*

*Without good jobs our state will not have the  
kind of sustained economic growth we need to  
ensure a bright future for citizens in all parts  
of the state.”*

***Bob Holden, Governor  
2004***



Dear Fellow Missourians:

I am pleased to present JOBS NOW – a comprehensive plan to accelerate the progress of Missouri’s economy, particularly the creation of new jobs, as the state continues to emerge from the recent national recession.

JOBS NOW will enable Missouri to create new jobs by targeting investments in critical infrastructure, such as water and wastewater systems, roads, bridges, broadband, rail spurs, airports, university wet labs and equipment and many other projects.

JOBS NOW will help stimulate the growth of targeted industries with a good prospect of creating high-wage jobs in the future, like the plant and life sciences, information technology and advanced manufacturing. This plan also recognizes the importance of further strengthening collaboration between business and research institutions to ensure that new technologies are brought to market and lead to additional job creation in Missouri.

JOBS NOW will provide increased funding so Missouri can invest in maintaining and upgrading the skills of our workforce so that they, our businesses and our communities can remain at the forefront of technological advances and stay competitive in the global economy.

In addition, the components of my JOBS NOW plan are in line with our efforts to reform and streamline state government programs, effectively re-allocate state resources to ensure a better return of investment, and to strengthen public-private partnerships.

The time to act is now. Missouri’s bright future will depend upon our ability to secure job growth for our people. We must unite, in a bipartisan fashion, to implement strategies that will expedite Missouri’s economic recovery and carry on the momentum to create more jobs now.

Sincerely,

Bob Holden  
Governor

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# JOBS NOW

## Overview

JOBS NOW is a multi-pronged initiative that uses administrative actions and legislative change to achieve its goals while being revenue neutral – by reallocating current resources.

JOBS NOW is a comprehensive plan to accelerate the economic recovery of the state as we continue to emerge from the national recession. It is a plan that will quickly create good jobs and will have a positive and lasting economic impact on all regions of the state.

JOBS NOW will rapidly create new jobs through targeted investments in critical infrastructure, like water and wastewater systems, public buildings, broadband telecommunications systems, and research facilities that will bring about immediate results.

As this infrastructure is built or renovated, jobs will be created directly to fill positions needed for construction, engineering, design and transportation. Many other jobs will be created indirectly to support these industries. By investing in these critical infrastructure needs, our communities will be better positioned to support expanding businesses and attract new industries.

JOBS NOW will also provide for long-term benefits to stimulate the growth of key industry segments, such as the plant and life sciences. These investments



## **Frequently Asked Questions**

will provide for the creation of new jobs and greater prosperity in our state for years to come. This support will come in the form of funding aimed at increasing research at our universities, and retaining commercialized technology in Missouri.

And finally, JOBS NOW will help Missouri families shoulder some of the costs of higher education with scholarships and will provide increased job training opportunities so that Missouri workers are able to acquire skills for the jobs of tomorrow.

### **Q. How will JOBS NOW be paid for? Will it require a tax increase?**

*A. JOBS NOW would not require any tax increase nor would it add any additional cost to the state budget. JOBS NOW redirects existing fund resources by repealing outdated and inefficient tax credit programs. The money that comes to the state because of the repeal of the credits will cover costs.*

### **Q. Is the JOBS NOW bonds proposal the same as the University proposal?**

*A. NO. JOBS NOW bonds will help fund infrastructure projects desperately needed by cities, counties, water districts, school districts and all public colleges and universities across the state. JOBS NOW is cost neutral to the state. The University proposal requires a bond issuance from a yet undetermined funding source and proposes to use it to build life science buildings on only the four University of Missouri Campuses.*

### **Q. What type of infrastructure projects will be eligible under JOBS NOW?**

*A. Any public entity may apply for a grant or low to no-interest loan to help finance eligible public infrastructure projects which could include certain road and bridge projects, rail spurs, ports, drainage-to include curb and guttering, sidewalks and lighting, public buildings, demolition and remediation, ADA compliance for public facilities and areas, water and sewer facilities, broadband infrastructure, airports, college or university wet labs, research facilities and allowable research equipment.*

**Q. How will this help my city or county meet its infrastructure needs?**

*A. In addition to the actual construction costs associated with infrastructure improvements, JOBS NOW funds may also be used to help cover the costs associated with design and planning of infrastructure projects or payment of bond insurance for local bond issuance. Furthermore, JOBS NOW funds can provide flexibility to local governments by providing an increased funding option, thereby freeing up local revenue which can then be used to meet other needs.*

**Q. Can my school district apply for a grant or loan to repair or renovate our school?**

*A. Yes. Public school districts are eligible to apply for JOBS NOW funds. Regardless of the public entity applying, JOBS NOW stimulates the economy and produces good jobs through the building and renovating of our public infrastructure.*

**Q. How many jobs will JOBS NOW produce?**

*A. Exactly how many jobs cannot be determined. What is known is that numerous research studies show that for each \$1 million of investment in the building and renovating of public infrastructure, the state will see an economic return of about \$17 million. This return comes from new jobs created, wages paid to workers, supplies and materials purchased, and general spending not only for items necessary for the infrastructure, but for daily life.*

**Q. Why should these tax credits be eliminated (repealed)?**

*A. The three tax credit programs that are proposed for elimination (Research and Development, Transportation Development and Business Facilities) are outmoded and inefficient. There are better ways to achieve the goals that were originally intended by these programs. In some cases many of those who would have applied to use one of these tax credits would now be eligible to apply for infrastructure grants/loans under JOBS NOW.*

**Q. Can all the public 4-year colleges and universities establish a Life Science Research District?**

*A. YES. All public 4-year colleges and universities would be able to establish a Life Science Research District. These institutions would work with the Coordinating Board for Higher Education to establish the boundaries of the district and would subsequently seek approval from local governments within that district to capture the new tax increment produced by life science companies in the district.*

**Q. How will the new Enterprise Zone program be different than the current program?**

*A. The Enhanced Enterprise Zone program will give communities great flexibility in the types of companies they can attract. This in turn will produce more jobs. One notable new feature is that the new credits will be sellable and refundable, making them of greater value to the companies that are locating or expanding in Missouri.*



## How JOBS NOW Could Help: Examples

**Community A and Water District B** have decided to connect their systems to achieve better water service for their customers. The connection would allow Community A to purchase water wholesale from Water District B. Community A wants to seal off their 35 year-old well and avoid costly repairs to their water plant. They also wish to maintain their tower for pressure and maintain their monthly billing and collection processes. District B looks forward to a good relationship with another water customer. Everyone wins from this partnership, but Community A nor District B do not have access to enough funding to run the line that would connect the systems. JOBS NOW infrastructure funding provides the answer.

**OurTown, Missouri** has an industrial park on the opposite side of the major interstate highway from town. The park lacks access to public water, which is preventing businesses from locating there. The community has a business prospect but still cannot gain access to enough funding to make the project a reality. It is the last piece in the puzzle. OurTown provides solid transportation access through highways and a municipal airport; it has an educated available workforce; it is located near a community college; and it offers a good quality of life. The prospect wants to locate there, and OurTown really wants that to happen. JOBS NOW infrastructure funding provides the answer.

**A Mississippi river port** has an existing business that wants to expand - creating more jobs and offering private investment. The project requires water and sewer extensions along with necessary fill and road improvements to allow for additional access. The

project has a source of federal funding but needs a local match. The port cannot afford the whole match amount. JOBS NOW infrastructure funding provides the answer.

**TakeCharge, Missouri** needs to upgrade its sewer treatment plant in order to maintain compliance with environmental permit standards. The community has determined its eligibility for a low interest loan. It has passed the necessary bond issues and is ready to close on the loan. Access to the loan requires a full set of engineering plans and specifications. The community needs a low interest, interim loan to pay for the plans and specs in order to proceed with its project. JOBS NOW infrastructure funding provides the answer.

**DownTown, Missouri** (redevelopment plan in hand) has taken advantage of the Governor's Executive Order and has attracted a state agency looking to locate office space. A developer is rehabilitating a favorite old building to provide new office space and condominiums to meet local demands. The city wants to complement the effort by improving the specific public infrastructure to spur additional redevelopment but lacks adequate funding needed to make the improvements. JOBS NOW infrastructure funding provides the answer.

**Community X** is located near one of Missouri's beautiful national forests. This location adds much to the quality of life for this community and the community is growing. The community does not have the necessary telecommunications infrastructure need for today's communication needs. Not only are current businesses, schools and citizens limited by inadequate telecommunication systems but it is hindering the communities attraction of new, high-tech businesses. The town seeks to erect a telecommunications tower and enter into agreements with commercial telecommunications companies to provide broadband services. The community has been unable to raise the necessary funds to build the tower. JOBS NOW infrastructure funding provides the answer.

## **JOBS NOW in Detail**

The JOBS NOW initiative is comprised of public infrastructure development and economic enhancement proposals. Public infrastructure development would be supported by revenues generated from the issuance of Missouri Development Finance Board bonds. It also includes four economic enhancements – an Enhanced Enterprise Zone Program, expanded job training opportunities, a scholarship program for students of math and science, and the Life Science Research District Program.

The following pages describe JOBS NOW in greater detail.



## **Investments in Public Infrastructure**

The JOBS NOW initiative is cost neutral to the state budget as a result of redirecting existing revenues currently consumed by several outdated and inefficient tax credit programs. This redirected revenue, approximately \$12-\$15 million per year, would then be used as bond payments to produce \$150-\$200 million of immediate resources to assist cities, counties, and other public entities with infrastructure development.

Under JOBS NOW, the Research and Development tax credit program, the Transportation Development tax credit program, and the Business Facilities tax credit program would be eliminated, and the Enterprise Zone program would be enhanced and expanded while lowering the state's overall cost.

JOBS NOW bonds would be issued by the Missouri Development Finance Board (MDFB) and an annual appropriation to the Jobs Now Fund would be made to the board from savings resulting from the repeal of tax credits for bond repayment. Local governmental entities will be eligible to make application for grants or low to low- to no-interest loans from the MDFB's Jobs Now Fund for infrastructure projects.

Sixty percent of the Jobs Now funds will be allocated for direct grants and loans for public infrastructure projects; twenty percent of the funds will be allocated for grants and loans to public entities that can be used to leverage federal or non-state dollars; and twenty percent of the funds will be allocated for public college and university facilities that show an investment in industries with a high probability of creating jobs in the future.



JOBS NOW grants and/or low- to no-interest loans would be provided for eligible public infrastructure projects which could include certain road and bridge projects; rail spurs; levies; drainage-to include curb and gutter; sidewalks and lighting; public buildings; demolition and remediation; ADA compliance for public facilities and areas; water and sewer facilities; broadband infrastructure; airports; college or university wet labs, research facilities and allowable research equipment. Eligible infrastructure activities may include costs associated with design and planning of infrastructure projects and/or payment of bond insurance for local bond issuance.

The Department of Economic Development, the Department of Natural Resources, the Department of Transportation and the Department of Agriculture would establish application procedures. These departments, serving as a JOBS NOW Recommendation Committee, would submit recommendations for awards to the Missouri Development Finance Board, which will make final approval and award based on need and competition. Distribution of awards will seek to provide funding opportunity to all municipalities and public institutions throughout the state. Projects that demonstrate high levels of job creation, significant local economic impact, or that provide for high-leverage of federal or non-state funds would receive priority funding.

JOBS NOW funds that are allocated to leverage federal or non-state resources will rely on existing and revised state guidelines for eligibility but will prioritize projects that demonstrate the greatest leverage.



## **Enhanced Enterprise Zone Program**

The original Enterprise Zone Program was established in 1982 and has served a useful life for many communities. But over time, the needs of communities and the businesses they seek to attract have changed. Old state enterprise zone benefits would continue for those companies qualified for and currently earning benefits for the life of the zone. The current enterprise zones will expire at the end of their initial designation, plus one optional 7-year extension period. Once the JOBS NOW initiative becomes law, no new zones may be created under the original enterprise zone law.

The Enhanced Enterprise Zones (EEZ) would be officially designated by the Department of Economic Development by action and approval of the Joint Committee on Economic Development Policy and Planning or a successor committee. All zones would be required to demonstrate a specific degree of economic distress. In addition to economic distress, new zones could be named based on applications that would demonstrate the potential for creation of sustainable jobs in targeted industries and demonstrated impact on industry cluster development. Enhanced Enterprise Zones, once established, would expire in 25 years.

Under the Enhanced Enterprise Zone Program, local governments may abate real property tax at a minimum of 50% and may expand the local abatement up to 100%. Any abatement requires a public notice and a public hearing with notification of the Department of Economic Development. Only after local abatement has occurred would a project within an Enhanced Enterprise Zone be eligible to be

considered for abatement of state tax credits.

The old enterprise zone law targeted job creation by decades-old types of industries. Under JOBS NOW, the Enhanced Enterprise Zone would expand that focus to include businesses that provide opportunities to create higher-wage jobs that will help Missouri's economic recovery. EEZ credits earned by an eligible business would be based on the amount of capital investment by the company, the total number of new and higher-wage jobs, after an evaluation forecasting the overall state economic impact demonstrated by the company choosing to locate or expand in Missouri proves positive. No business could get benefits under both the old enterprise zone law and the Enhanced Enterprise Zone Program.

Credits granted to a company may be sellable or the company may seek a refund for any portion of the credits that would exceed their tax liability. The Enhanced Enterprise Zone Program will limit the amount of credits that may be issued to \$7 million yearly.



## **Expanded Job Training Opportunities**

Assisting a company that is expanding its workforce or locating a new facility in the state with the costs of training employees in newly created jobs is critical for Missouri's recovering economy. These expanded job-training opportunities would be enhanced under JOBS NOW through three key changes in the Community College New Jobs Training Program laws.

Currently, each individual community college is authorized to issue revenue bonds and the proceeds are used to reimburse a company for their training costs. The state makes principal and interest payments on the bonds for eight to ten years from the withholding taxes paid for the employees in the new jobs. JOBS NOW would allow two or more community colleges to arrange pooled bond issuance using the capacity of either the Missouri Higher Education Loan Authority (MOHELA) or the Missouri Health and Education Facilities Authority (MOHEFA). This pooled bond issuance could lower the cost to each community college and generate a better bond rate due to the increased offering. This in turn may lower the overall training cost and thus make this a more attractive option for companies. JOBS NOW does not eliminate the current option of each community college issuing bonds.

Many smaller companies are not currently able to make use of the existing job-training program for several reasons. JOBS NOW would provide incentives for these companies by encouraging them to join together to apply for training funds where common training needs exist by granting

collaborative applications a priority in funding.

The Community College New Jobs Training Program is limited to an aggregate amount of outstanding bonds of \$55 million. The amount of funds available each year is further controlled by appropriation. JOBS NOW proposes that the yearly appropriation limit be flexible in order that maximum job training and new job creation may occur.



## Scholarships

Economic research has well demonstrated the importance of focusing on education beyond high school to meet the needs of the state's citizens in the knowledge economy of the 21<sup>st</sup> century. JOBS NOW will authorize a tax-exempt bond allocation to the Missouri Higher Education Loan Authority (MOHELA) for student loans/scholarships for those students pursuing degrees in math and science. Expanding education opportunities in these subject areas is critical to Missouri's economic future.

The federal tax code authorizes each state to issue bonds that are tax-exempt up to a certain cap. The amount that may be issued each year is based upon the state's population in the preceding year. In Missouri, the Department of Economic Development has the authority to allocate the tax-exempt cap to various types of projects.

JOBS NOW will allocate \$200 million of tax-exempt bond funding to MOHELA, which will commit to providing over \$5 million in scholarship funding for students in these critical subject areas. This scholarship portion of JOBS NOW will be directed by the Missouri Department of Higher Education and will operate under the approval of the Coordinating Board for Higher Education. The JOBS NOW scholarship program may include a loan-forgiveness option for post-graduate employment with a Missouri life science related company.

## **Life Science Research District Program**

Missouri is emerging as a leader in the life and plant sciences, research and related industries. The map that follows shows the number of employees currently working in each county for a company, defined by the Battelle Memorial Institute study of Missouri, as being a life-science company. As one can see, this knowledge-based industry is not located exclusively in any one part of our state. Life science related companies exist all across Missouri. To build on this distribution of industry, to encourage the growth of these companies and to attract more life-science companies, JOBS NOW advocates the establishment of the Life Science Research District Program (LSRDP).

Numerous research reports show that knowledge-based industries need access to highly trained workers and to researchers. These companies often seek to locate near colleges and universities where the exchange of information and the commercialization of research can occur efficiently.

JOBS NOW provides for the state to be divided into life science research districts with each district containing one of the state's four-year public colleges or universities. This program authorizes the collection of certain local and state tax revenue, above the amounts currently collected, and the return of these taxes to the public entity (the colleges or university within the district) for use on eligible life science related infrastructure or support programs. The new tax revenues generated can be collected and transferred for a period of up to ten years.

JOBS NOW allows for the establishment of a baseline denoting the tax revenue currently generated by the

life science companies within a district and then the tracking and capturing of increased tax revenues from withholdings and sales tax for use by the district's college or university for life science related expenses.

Prior to any collection of tax revenues in the Life Science Research District, the local taxing authority must approve the collection and transfer of the taxes.

JOBS NOW creates a partnership between the public colleges or universities and the communities and other public entities within the district. Together they become advocates for the recruitment of businesses and the training of workers. The colleges and universities in turn strengthen their economic mission through the commercialization of research and direct assistance to companies. Under JOBS NOW, communities across Missouri will experience growth of life science companies and the commercialization and development of research.

JOBS NOW authorizes the Coordinating Board for Higher Education (CBHE) to approve district boundaries from which the incremental collection of tax revenues may occur.

Under JOBS NOW, K-12 school districts within life science research districts would not be harmed, as the program uses no property tax.

Funds received by the colleges or universities may only be used for life science related costs. Eligible costs would include infrastructure such as wet labs and research facilities; faculty programs such as endowed chairs, visiting professorships, or teaching/research arrangements with non-public institutions; student aid programs such as study and research grants or scholarships within the life-sciences; funding of institutional endowments; purchase of research equipment; land acquisition; funding of costs associated with the commercialization of research; and costs associated with bond financing. The CBHE

JOBS NOW will stimulate the exchange of research information among universities and with businesses by allowing protections of proprietary information assembled or generated under the work of the Missouri Technology Corporation (MTC) or the Research Alliance of Missouri (RAM).

